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1776 K STREET, N.W.

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WASHINGTON, D. C. 20006

(202) 429-7000

FEDERAL COMMUNICATIONS COMMISSION
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WRITER'S DIRECT DIAL NUMBER

(202) 429-7358

FACSIMILE
(202) 429-7049

December 1, 1997

92-297

VIA HAND DELIVERY

Ms. Magalie Roman Salas

Secretary

Federal Communications Commission

1919 M Street, N.W., Room 222

Washington, D.C. 20554

ATTN: Chief, Auctions and Industry Analysis Division

Re: **Adoption of Minimum Opening Bids
or Reserve Prices for LMDS Auction
Reply Comments of Bosch Telecom, Inc.**

Dear Ms. Salas:

Bosch Telecom, Inc. ("Bosch"),¹ by its attorneys, hereby submits its reply comments regarding the Commission's proposal to establish minimum opening bids or reserve prices for the upcoming LMDS auction (Auction No. 17) scheduled to commence February 18, 1997.² For the reasons set forth below, Bosch respectfully urges the Commission to either significantly reduce or eliminate altogether the minimum opening bids for the LMDS auction. Should the Commission ultimately decide to reduce the minimum opening bids from their proposed levels,

Bosch, the successor in interest to Texas Instruments, Inc. in CC Docket No. 92-297, is a manufacturer of Local Multipoint Distribution Service ("LMDS") equipment and has over the past six years participated in the proceedings that ultimately resulted in the Federal Communications Commission's ("FCC" or "Commission") creation of the LMDS Service.

See FCC Notice, Report No. AUC-17-D, DA 97-2224 (November 18, 1997) (the FCC extended reply comment date from November 5, 1997 to December 1, 1997).

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Bosch suggests that they be made equal to the upfront payment amounts previously established by the Commission.³

Bosch strongly supports the Commission's past and ongoing efforts to bring the LMDS service to reality. The auction of spectrum for LMDS will provide a wide array of opportunities for entrepreneurs to apply innovative technologies to provide competitive interactive data, voice and video services. Bosch looks forward to the commencement of the LMDS auction and the opportunities that will likely flow from it.

Bosch supports the many commenters in this proceeding that believe that, to encourage broad participation in the LMDS auction and/or to ensure that the auction prices properly reflect marketplace realities, the Commission should eliminate or significantly reduce the minimum opening bids for the LMDS auction.⁴ In particular, Bosch agrees with those commenters that believe that the marketplace -- not the FCC -- should determine the minimum market values of LMDS licenses.⁵ While Bosch understands the Commission's interest in ensuring that opening bids are sufficient to promote the pace of the auction, it believes that the Commission should, to the fullest extent possible, avoid setting valuations of LMDS licenses that are overly speculative or arbitrary in nature. Here, Bosch notes that the minimum opening bids being proposed by the FCC fail to reflect such things as the population densities and propagation characteristics of the markets up for auction, and are instead based solely on market population. To this extent, the FCC's proposal to open the LMDS auction with minimum opening bids that are 2.5 times greater than the associated upfront payment places artificial values on the LMDS licenses.

Bosch also supports the numerous commenters that believe the minimum opening bids being proposed by the Commission are excessive and may, if adopted, have the unwanted effect of precluding some potential bidders from participating in the auction.

³ See FCC Public Notice, Report No. AUC-17-A, DA 97-2081 (September 25, 1997).

⁴ See, e.g., Comments of Cornerstone Wireless Communications, Inc. at 1; Comments of Eclipse Communications Corporation at 2-4; Comments of JATO Communications Corp. at 1; Comments of Midwest Wireless Communications, Inc. at 1-2; Comments of Montana Wireless, Inc. at 1; Comments of U.S. Wavelink Telecommunications, L.P. at 2.

⁵ See, e.g., Comments of Eclipse Communications Corporation at 2-4; Comments of HighSpeed Com. L.L.C. at 1-6; Comments of JATO Communications Corp. at 3; Comments of Midwest Wireless Communications, L.L.C. at 2.

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Should the Commission decide not to eliminate minimum opening bids for the LMDS auction, as an alternative, Bosch favors a substantial reduction in the minimum opening bid amounts. In this regard, given the FCC's recent decision in the SMR auction to make minimum opening bids equal to upfront payments, Bosch believes that the Commission should follow its own precedent and make the minimum opening bids equal to upfront payments for the LMDS auction. Such a reduction will serve to reduce the arbitrariness of the minimum opening bids, while increasing the opportunities for designated entities to viably compete in the LMDS auction.

For the foregoing reasons, the Commission should avoid setting minimum opening bids that are either excessive or overly arbitrary, and instead allow the marketplace to dictate the outcome of the LMDS auction. In addition, to maximize participation in the LMDS auction, Bosch strongly urges the Commission to eliminate minimum opening bids or reduce them and make them no greater than the corresponding upfront payment amounts.

Respectfully submitted,

By:



Robert L. Petrit

A. B. Cruz III

Counsel to Bosch Telecom, Inc.